

Buenos Aires, March 11th, 2016 (10 am Eastern Time)

Pampa Energía and Edenor Q4 2015 Conference Call

Presenting:

Leandro Montero, CFO of Edenor

Lida Wang, Chief of Investor Relations at Pampa Energía

Leandro Montero: Thank you very much. Good morning everyone and thanks for joining us on this joint conference call of Pampa Energía and Edenor. As we usually do, myself Leandro Montero will be presenting for Edenor first, and then for this quarter, Lida Wang will present for Pampa Energía.

First, we will focus on the main events that lately took place and then briefly review the results of the fourth quarter of 2015. As you know, you can always call any member of our team for more details on the results of the period or any doubts you might have.

On January 25, this year, the Ministry of Energy and Mining issued Resolution N° 6, approving the seasonal energy prices for the Wholesale Market for the period from February - April 2016 at a level of 320 pesos per MWh average. This Resolution tries to partially recompose the seasonal prices set forth in the Regulatory framework. Energy prices in the spot market are set by CAMMESA, which determines the price charged by generators for energy sold on an hourly basis. Resolution 6, introduced different prices depending on the customers' categories. Said resolution contemplates a social tariff for residential customers who comply with certain requirements, establishing a tariff of 0 for monthly consumptions below or equal to 150 Kwh and preferential social tariffs for customers who, having exceeded the 150 Kwh limit consumption, have achieved a monthly consumption lower than that of the same period in the immediately preceding year. Resolution also establishes tariff benefits due to consumption savings addressed to all the residential customers, who are not included in the social tariff.

By means of Resolution number 7 of the Ministry of Energy and Mining issued in January 2016 as well, the regulator was requested to perform on account of a future Integral Tariff Revision, a Distribution Added Value adjustment to the tariff schedules of Edenor and Edesur and carry out all the necessary steps to achieve the corresponding tariff update prior to December 31, 2016.

In addition, the mentioned resolution resolved to as from February 1: (i) render the Program of Rational use of Electric Energy, known as PUREE, ineffective; (ii) revoke Resolution 32 issued last year as from the date the regulator resolution implementing the new tariff schedule is in force; (iii) discontinue the application of mechanisms that imply the transfer of funds in the form of Loan Agreements with CAMMESA; (iv) implement the required actions in order to terminate the Trusts created pursuant to the ENRE 347 Resolution.

Furthermore, in compliance with Resolution 7 mentioned above, the regulator subscribed Resolution N° 1 establishing the new tariff structure effective as from February 1.

Before these latest resolution, and with impact in 2015 results, during November 2015 the Secretariat of Energy approved an increase to the theoretical tariff schedule set by resolution 32, with the application of percentages, under the Cost Monitoring Mechanism, of a retroactive 6.20% as from May 1, 2015 and another 9.05% as from November 1, 2015. At December 31 the company recognized a total of 365 million pesos due to the mentioned concept.

Finally, regarding the Loan and Guarantee Assignment Agreement entered into in September 2014 between CAMMESA and the Company, in order to provide the necessary financing to cover the Extraordinary Investment Plan as a consequence of the temporary insufficiency of funds received through Resolution 347, during 2015, with different Amendments, the Loan Agreement reached a total amount of 2.9 billion pesos for the whole plan.

As of December 31, 2015, the total debt under these loans agreements amounted to 1.1 billion pesos, comprised of 924 million pesos principal for the effective disbursements, and 176 million pesos in accrued interest.

As explained before, these loans were discontinued as from February 1, 2016, under the terms of Resolution N° 7 of the Ministry of Energy and Mining. So, no other disbursements are expected to occur, except for those investments accrued till January 31.

Moving to the financial statements for the fourth quarter, as of December 31, the Company evidenced an equity above 1.5 billion pesos as a consequence of a net gain for the period of 1.1 billion pesos. The positive results recorded by the Company in the twelve-month period ended in December 31, reverse the mandatory stock reduction situation we entered into on December 2014 when negative results consumed 100% of our reserves and more than 50% of our share capital.

Now, taking into consideration the results of Edenor in the fourth quarter of 2015, net sales increased about 4.8%, and reaching 891 million pesos, compared to 850 million pesos for the same period in 2014. This variation was mainly due to an increase in volume of energy sold in GWh for about 3.7%, a 7.2% growth in revenues related to the application of Resolution 347, and higher income from the right of use on poles. The energy sold volume grew up about 3.7%, basically due to an increase of 7.4% in residential customers, a 4.8% increase in small commercial customers, and a 3.1% growth in industrial and medium commercial customers.

The electricity power purchases increased 2.0% to 474 million pesos in the fourth quarter of 2015 compared to 465 million pesos in the same period of the year before, mainly due to the increase in energy sales described above, partially offset by a reduction in mobile generation costs.

Operating expenses increased approximately 133 million pesos as a result of the raise in salaries and social security taxes, amounting a loss of 102 million pesos, which represents about 76% of the total increase. As I mentioned in the previous conference call, the raise in salaries is basically explained by an increase in salaries agreed with unions, a 27.8% which had already become effective as from September 2015. The 11.9% remaining raise in salaries will be executed on May 2016.

Edenor's net operating income decreased 80 million pesos amounting a gain of 559 million pesos in the fourth quarter of 2015 compared to a 639 million pesos gain in the same period last year. This negative result was due to the growth in operating expenses described above, partially offset by the income obtained through Resolution 32 of 1.6 billion pesos, including the cost monitoring mechanism adjustment received in November.

Finally, the net income of the period shows a decrease of 460 million pesos, amounting a gain of 204 million pesos in 2015 fourth quarter, compared to a gain of 664 million pesos in the same period last year, mainly due to the operating results explained above and to a decline in financial results caused by the effect basically on our debt, of the devaluation of the Argentine peso related to US dollar occurred at the end of December 2015. This negative result, was partially offset by the impact on the income tax provision of the recognition of deferred income tax assets related to tax loss carryforwards previously written-off.

Related to Edenor's adjusted EBITDA, it resulted in a gain of 647 million pesos in the fourth quarter of 2015, compared to a loss of 692 million pesos for the same quarter of 2014. This amount includes 1.5 billion pesos of additional income of the Resolution 32/15 and its adjustment.

Finally, regarding Edenor's capital expenditures, during the fourth quarter of 2015 our investments increased about 77% reaching 1.2 billion pesos compared to 663 million pesos in the same period of 2014, mainly focused on grid enhancements, new connections and maintenance and improvements. So this concludes my review on Edenor, I will now leave you with Lida Wang, chief of Investor Relations at Pampa Energía, who will review other relevant events of the group, as well as the consolidated results. After that, we will be open for questions.

Lida Wang: Thank you Leandro and good morning everyone. I'll begin with the relevant events of Pampa since our last call on November.

Last month, our subsidiary Petrolera Pampa issued bonds Series 7 for an amount of 310 million pesos, bullet in 18 months and at Badlar plus 500 basis. Also, on January Petrolera Pampa's Shareholders Meeting approved a capital increase for up to 400 million pesos, relying in the Board its implementation and setting the price, which shall be between 26 pesos to 41 pesos per new share. In the meantime we are exploring all the options we have to fulfill our capex commitments in Petrolera, only using the most convenient ones.

Moreover, in our continuous assessment of corporate strategy and looking for new opportunities to grow, we made a bid to acquire the 67.2% of Petrobras Argentina's capital stock, which is indirectly held by Petrobras Brazil. Both parties have agreed to a 30-day exclusivity period to continue the advanced negotiations, which could be extended for an additional 30 days.

With the aim of funding this transaction, on January the Shareholders Meeting of Pampa approved the creation of a global bond program up to 500 million dollars. Also, on Wednesday the Board of Directors decided to start negotiations to sell our indirect interest in TGS. The remaining funds will be covered by the Company's cash holdings and other assets disposal plus strategic partnerships.

Moving on Loma, regarding the new 105 MW gas turbine, we are already doing the testings and the commissioning is estimated by the end of this month, while the installation of the MAN engines for 15 MW of installed capacity is estimated to be in operations in the next year.

Also related to the Loma award granted in June of last year, on December of 2015 Isolux agreed to pay 14.7 million dollars, which should be collected in full by Loma on or before the end of this month. As of today, only 7.9 million dollars have been collected. Given Isolux's current financial distress situation, the collection of the remaining amounts will be challenging.

And related to Transener, on November of 2015 new loans agreements were signed, in which it was agreed the disbursement by CAMMESA of 509 million pesos and 318 million pesos for Transener and Transba, respectively, amounts to be acknowledged with cost variations for the period of December 2014 to May 2015 and Additional investments provided for in the Addenda signed back in September 2015.

Regarding Pampas's consolidated results, first of all let me remind you that we are still not including TGS in our figures and because we co-control Transener, we only consider 50% of its adjusted EBITDA.

So moving on to the results, in the fourth quarter of 2015 we presented an EBITDA of 1 billion pesos, compared to a negative EBITDA of 136 million pesos in the same period of 2014, due to increases of 1.2 billion pesos in distribution and 307 million pesos in oil and gas segment, partially offset by reductions of 203 million pesos in generation, 82 million pesos in transmission and 49 million pesos in holding and others.

The lower EBITDA at our generation segment was mainly given by a lower electricity dispatch, which is mostly due to programmed maintenances and lower availability of gas in our thermal units, and also due to increasing operating costs. As you know, fuel for old capacity generation is provided by CAMMESA. These effects were partially offset by higher prices for the old capacity remuneration from the application of Resolution 482 and the peso devaluation which impacts our US dollar contracts through which we sell the energy to CAMMESA and under Energía Plus.

In the transmission segment, the EBITDA fell 82 million pesos during the fourth quarter of 2015 versus the same period of last year, mainly because the increasing operating costs outpaced the accrual of revenues corresponding to the Renewal Agreement, plus lower collections of the CAMMESA credit related to the cost variations.

Moving on briefly to the distribution segment which was previously reviewed by Leandro, during the fourth quarter of 2015 the EBITDA increased by 1.2 billion pesos on a consolidated basis compared to the same period of 2014, mainly due to the application of Resolution 32.

In the oil and gas segment, in the fourth quarter of 2015 we posted an adjusted EBITDA of 411 million pesos, compared to 104 million pesos in the same period of 2014. This EBITDA was mainly given by higher natural gas sales from the joint venture between Petrolera Pampa and YPF in Rincón del Mangrullo, as well as the effect of the peso devaluation impacting our US dollar sales price. In that sense, during the fourth quarter of 2015 we produced an average of 2.1 million cubic meters per day, versus 925 thousand cubic meters in the same period of 2014, which represents an increase of

123% quarter over quarter. The agreement with YPF, signed in 2013 and initially committed to invest 150 million dollars, later was extended in May of 2015 and increased to a total investment from Petrolera of around 350 million dollars to be done until 2017. As of the end of last year, under this JV we have almost 80 productive wells, with around 1.6 million cubic meters per day of natural gas production during the quarter. Overall, including the agreement with Petrobras and Apache, as of December we had 112 productive wells.

Finally, our holding segment presented a negative EBITDA of 47 million pesos in the fourth quarter of 2015, compared to 2 million pesos in the same period of 2014.

Also, despite during this quarter the peso devaluated 38%, we posted a consolidated net profit from financial results of 1.1 billion pesos, mainly from holdings of financial derivatives used for currency hedging, plus the gains from holdings in CIESA and ADRs from TGS.

Finally, in terms of net income, Pampa presented a consolidated profit of 2.3 billion pesos in the fourth quarter of 2015, of which 2.1 billion pesos corresponds to the shareholders of the Company, compared to 728 million pesos in the same period of 2014. As we have mentioned before, this quarter's results include the 1.6 billion pesos impact at Edenor's P&L thanks to Resolution 32 explained by Leandro and 1.1 billion pesos of net profit from financial results.

So this concludes our review of Pampa and Edenor, we are now open for questions. Thank you.